

MINUTES
Recessed Meeting
KITTY HAWK TOWN COUNCIL
Monday, May 11, 2020
Kitty Hawk Town Hall, 9 AM

Agenda

1. Call to Order
2. Fiscal Year 2020-21 Budget Review
 - Proposed Change to Retiree Health Insurance Benefit Policy Discussion
3. Adjourn

COUNCILMEMBERS PRESENT:

Mayor Gary Perry, Mayor Pro Tem Craig Garriss, Councilman David Hines, Councilwoman Lynne McClean and Councilman Jeff Pruitt

STAFF MEMBERS PRESENT:

Town Manager Andy Stewart, Town Clerk Lynn Morris, Finance Director Liliana Noble, Management Assistant Melody Clopton, Police Chief Joel Johnson and Public Works Director Willie Midgett available by telephone

Due to the COVID-19 pandemic declared on March 11, 2020, gathering and social distancing guidelines, people were invited to listen to this meeting by telephone if they did not want to attend in person.

1. CALL TO ORDER

Mayor Perry called this Recessed Meeting from May 4, 2020 to order at 9 a.m.

2. FISCAL YEAR 2020-21 BUDGET REVIEW

Proposed Change to Retiree Health Insurance Benefit Policy Discussion: Management Assistant Clopton presented a PowerPoint presentation on the proposed change to the retiree health benefit policy and the following language for the policy:

Proposed Retiree Health Policy
Retiree Insurance Benefits

Employees who retire from town employment without a break in service between town employment and retirement under the Local Government Employees Retirement System may continue medical insurance coverage for themselves, under the town's group policy if they are under the age of sixty-five. The town will pay the premium for the coverage based on the number of years of town service for the retired employee as outlined in the table below. Coverage on the town's policy will cease when the employee becomes Medicare eligible.

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Retiree Health Insurance Reimbursement Schedule:

Years of Continuous Full-Time Service with the Town	Qualified Retiree Pays	Town Pays or Reimburses Qualified Retiree
10 Years, but less than 15 Years	50%	50%
15 Years, but less than 20 Years	25%	75%
20 Years or Greater	0%	100%

Retirees must decide within 30 days of retirement of their intent to continue coverage under the town's plan. Failure to notify the town within 30 days will result in permanent loss of benefits. After a decision has been made not to continue coverage, coverage will not be reinstated at any future date.

If while covered on the town's plan, the retiree obtains employment where health insurance benefits are offered, the retiree may discontinue the town benefits until the time coverage from the other employer is no longer available. Once the coverage is no longer available, the retiree can elect to re-enroll in the town's plan within 30 days of loss of coverage.

Payment of Premium:

Payment of the retiree premium for the portion of the retired employee's coverage not paid by the town will be auto drafted on the 15th of each month.

Failure to pay the required premium within 30 days will result in loss of coverage. Once coverage has been discontinued, it cannot be reinstated.

Garriss: *I only see this as a positive. I really like this plan. Have we ever discussed the dependent coverage? If a retiree also wants to add dependents and pay the extra money for the coverage. Has that ever been brought up and thought about?*

Clopton: *In the 10 years I have been here it has not been discussed.*

Perry: *Dependents being on a retiree's plan has not been discussed to my knowledge.*

Garriss: *Is that something council would like to think about? I come from somewhere where you can get that coverage.*

Pruitt: *Are we talking the pro's and con's? I would like to see if by adding them would it cause the rates to go up for the people we are trying to look after. The employees.*

Clopton: *It is hard to know because our insurance policy is based on claims. In theory older people cost more than younger people but we have a lot of young people on our plan. We have had really good experiences with our plan so far. It just depends and we will not know until we get into the claims. I would assume the employee would pay 100% of the dependent coverage.*

Garriss: *Correct. Is this something we can get more information about?*

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Clopton: *What kind of information would you like?*

Pruitt: *I would like to see if anybody else is offering it and the cost.*

Clopton: *A few do, and a few do not. Right now, for family coverage it is around \$2,100 a month. If we took out the employee portion which is \$660 the employee would be paying that other \$1,300 a month.*

Perry: *Let me make sure I understand what you are asking. What you are trying to do is allow the retired employee's dependents on the town policy and that retired employee would be expected to pay 100% of whatever the cost is. At that age how many would have dependents is another story.*

Clopton: *I think it is more about a dependent spouse.*

Garriss: *And they may be able to find coverage cheaper somewhere else and if so, that is fine. But we could give them that option.*

Hines: *I think it is a good idea to look into it.*

Stewart: *This policy is only covering those retirees until age 65 wherein they go on Medicare and they are off the town's plan.*

Perry: *Come back and give us some hint as best you can on what he is asking.*

Clopton: *I am not sure I can tell you what the cost will be. It is about the same as an employee which is about \$600 or \$700 a month.*

Pruitt: *Let's look at it. That is as far as I want to go.*

Perry: *Is there a motion to approve this policy change for retired employees?*

MPT Garriss made a motion to approve the proposed policy change for retirees. Councilwoman McClean seconded and it passed unanimously, 5-0.

Fiscal Year 2020-21 Budget Review:

Stewart: *The proposed budget has a revenue neutral tax rate of .30 cents per \$100 valuation. Last year's tax rate was .34 cents. This is not a reduction in taxes this is a revenue neutral tax rate based on the new property reevaluations that came out in January. The Occupancy and Sale taxes were reduced by 50% Things could get better or worse.*

The budget postpones the 5-year Capital Improvements Plan. It will stay in place, but it is pushed back until 2021-22.

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The budget is balanced at \$9,419,401 and instead of a .4 cent dedication of that to the beach nourishment fund it is about 3 and 1/2 cents. An additional .10 cents is proposed for the Municipal Service District. In previous years it was .12 cents. The tax rates will generate revenues consistent with revenues generated in FY 19-20 and includes a growth factor of 1.19%.

Highlights: (From page 2 of the proposed budget)

- The budget is balanced at a tax rate of .30 cents per \$100 valuation. Properties located in the MSD pay an additional .10 cents. Both tax rates were factored on revenue neutral calculations
- Utilizes \$744,424 of unrestricted fund balance as identified in FY 18-19 audit
- Maintains the \$3.5 million emergency reserve
- The budget funds no new full/part-time positions
- Maintains all full-time town employees at existing salaries
- 5% increase in health insurance premiums
- Delays capital purchases in the amount of \$465,000
- Postpones funding of reserves for future police station in the amount of \$200,000 and future fire truck replacement in the amount of \$100,000
- Eliminates all non-essential training and travel
- Reduction to fuel expenses across the board by 20% as a result of oil crisis

Manager Stewart suggested regrouping after the summer months and looking at where the revenues stand.

Hines: *A 20% reduction in fuel expenses?*

Stewart: *It does not reduce the miles they drive or calls they make. The cost of the fuel has gone down so much, and we feel confident it will stay that way for about a year. In previous years it was \$2.80, \$2.90 a gallon and now it is down to \$1.80.*

Hines: *Okay. I just want them to have everything they need.*

McClean: *You have postponed a lot of the expenditures we had planned. The only one that stands out for me is the fuel tank. Are we sure it is going to be alright postponing it a year?*

Stewart: *Willie are you on the telephone? (There was no answer.)*

Perry: *I will try and answer it. The bottom line is that fuel tank is not really what he is depending on to get us through a crisis. He has other sources, RPC being one. Right now, the fuel in the tank, I am not sure he can even use it because it is that old and ...*

Midgett: *It is good fuel.*

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Perry: *It is not a problem going forward this year until we can get clear of this pandemic and know where we are with funding. Is that correct?*

Midgett: *Yes. We are good this year.*

Perry: *He must have changed the fuel which is good. We had talked about that.*

Garriss: *Andy, I think you have made some good decisions and faced reality. We have to cut back, and I hate that we have to do it, but it is necessary. I have had to do some of these same cutbacks in my current occupation. Hopefully in September things will look a little better.*

Pruitt: *I was also concerned about the fuel David so thanks for asking the question. We had some big dreams of getting some things the town really needs but what comes first is keeping the town running. Andy you have done a good job of weeding through the nonessential stuff until better times. Thank you for making these decisions.*

Perry: *First off come back in September. What you have done is saved us from instructing you, like we used to do, to not buy anything without our permission first. And it was buy later not up front as soon as you get the money. We just held back. We eliminated that because it was unnecessary and now you made it unnecessary because we are going to revisit this in September. Otherwise that would have been first on my agenda.*

From information I have gotten sitting on the Control Group rentals look good. I did a conference call with Andy and some restaurateurs and I think that went well. I do not think the town's portion of trying to help them is going to be as big as them overcoming some requirements from the health department. We will try and help them, and they know it.

Did our employees receive the federal economic impact payment check?

Clopton: *There is no reason why they should not have gotten it.*

Perry: *I was not sure if they were eligible since they are still employed. There is the step pay.*

I want to talk about a second pump. We have a possible breach coming. Across from Sea Dunes there is a hole and about 20' of dune left. If we do not get it this summer, we will get it next winter and we have hurricane season starting next month. Jeff, I think you can back me up on this, this has been a strange spring and they are predicting an active season. We have enough money in reserves without touching the \$3.5 million. We need two pumps and maybe even more. If we can get it at a cheaper price and save \$30,000 then I certainly want to save \$30,000. I do not see a need to wait until July. Does anybody disagree with that?

Council agreed with the decision to purchase another pump.

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Pruitt: *We have spent an awful lot of money preparing to pump this water and without a pump it cannot be done. Everybody has caught on to pumping so they are going to become harder and harder to get. We need people to come here on vacation and they are not going to want to come if they are flooded again. We need to get the water out as fast as we can. It is important for us to keep the beach open during the summer and have people be able to get to their houses. We need them not only for hurricanes.*

Hines: *We have all seen Sea Dunes under water. The whole area is a big bowl.*

Perry: *A question on the contracted services for solid waste collection. Have you heard of any possible increase in cost to what we individually pay for recycling pickup? Kitty Hawk does not have the problems that Nags Head and Southern Shores have where the town pays to have it picked up. The reason I ask is because if they increase it by any significant amount then I will stop, and I think most people will. That in turn will increase the cost of solid waste disposal because none of it is being recycled.*

Stewart: *I have not heard anything. Have you Willie?*

Midgett: *I have not heard anything and will contact Bay Disposal.*

Perry: *On page 33 of the budget. Under project code 0114 maintenance and repair: storm debris removal canals and ditches. That is not listed as a grant but that is what it is, correct?*

Stewart: *That is correct.*

Perry: *A person looking at this would not know that is a grant and not coming out of taxpayer money. If we could make a slight notation. And the same for Icarus. Is that a pass through?*

Stewart: *Yes. Whatever the town spends we are reimbursed.*

Perry: *Annotate those in a way like we do the sand fence. Any of those kinds of things that tell us we are either in a grant situation or being reimbursed. I am trying to help the population understand.*

In the police department under overtime. I noticed that jumped \$10,000 and am wondering is it because you have had some officers that were not available?

Johnson: *I thought it was \$5,000. It is for extra coverage and we rarely use it.*

Stewart: *Their overtime is only utilized when we are down an officer.*

Perry: *I am aware of that. And we are still trying to get money from the Visitor's Bureau for manning traffic at US 158/12 during the summer months. We will see where that goes.*

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Overall, the budget looks good. It is conservative. It felt good when everything hit the fan and we all knew we have a decent reserve. We have been criticized by some for having it. They say we are holding too much. I do not think so. With hurricane season approaching it may be a double whammy. We are prepared for that as best we can be. I appreciate everything.

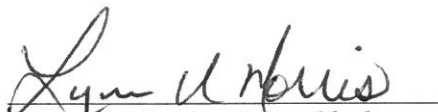
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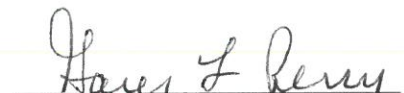
Mayor Perry made a motion to adjourn the meeting. It was seconded by MPT Garriss.

Stewart: *Is there anybody on the telephone that would like to speak at the budget work session?*
(No one answered.)

The vote was unanimous, 5-0. Time was 9:43 a.m.

These minutes were approved at the July 7, 2020 council meeting.


Lynn U. Morris, Town Clerk


Gary L. Perry, Mayor